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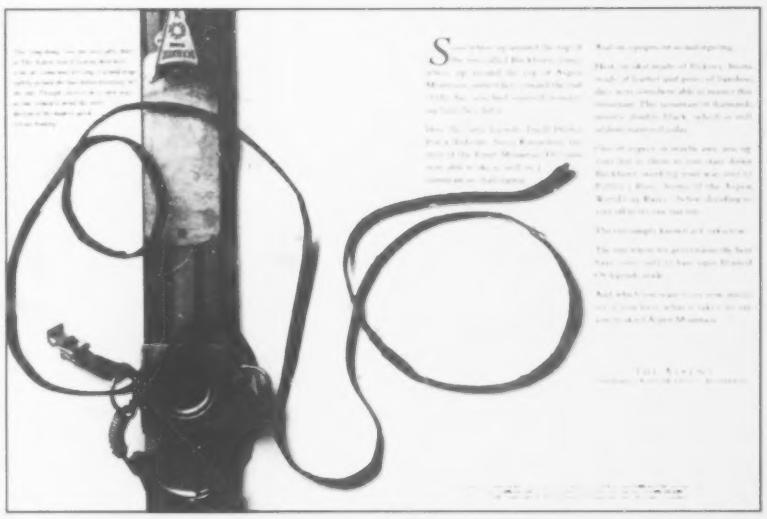

Debate swirls 'round Riney's Aspen ads

By Alice Z. Cuneo

Theirs was the glitziest little town in the West. His was the biggest marketing gun around.

So, when the folks from Aspen, Colo., decided they had to protect their ski coffers from nearby Vail and other rivals, they knew exactly the man they wanted to hire: Hal Riney. And they dug down deep into their pockets to help convince him to accept the account.

Hal Riney & Partners rode into town in November 1988, fixing to attract more skiers to Aspen.

Now, as another ski season unfolds, Aspenites are indeed engaged in battle—with one another—over the effectiveness of Riney's soft-sell approach and whether hiring the San Francisco agency was worth it.

One side of the debate is typified by Michael Sura, an Aspen pizzeria owner, who states, "I think they shot themselves in the foot."

Mr. Sura calls the Riney advertising "horrible" and partly blames it for a 12% drop in his business last year.

For this season, however, Riney has changed the advertising. And the client, Aspen Skiing Co., says it loves the new campaign.

Some Aspenites wonder why a Riney ad this winter (top) uses antique ski equipment, while earlier ads for the skiing mecca didn't mention the sport at all.

Jim Magill, Riney senior VP-account group director, in turn praises the client for "letting us do great work."

But Aspenites, a fractious lot, hold

(Continued on Page 37)

Marketers offer green standards

Industry seeks to beat states to punch

By Jennifer Lawrence

SAN DIEGO—A new group formed by marketers plans to petition the Federal Trade Commission next month to adopt its proposal for the first-ever national green guidelines.

The industry working group will be one step ahead of state regulators, who are calling for more restrictive standards.

Proposals from the industry group, which doesn't carry a formal name, are now in the final draft stage.

The group went public for the first time last week at hearings here on environmental marketing conducted by a task force of 10 state attorneys general. State officials were seeking reaction to their set of preliminary guidelines, intended as input to the FTC.

The industry proposal is likely to set off a national debate among environmental groups, state regulators and federal officials over how restrictive or liberal national green guidelines should be. The proposal is likely to fall short of state regulators' goal of requiring specific standards for making green claims.

Packaging moves to the green forefront—Page 30.

"Rather than going through this [states' open hearing] process, they're going directly to the FTC," California Attorney General John Van de Kamp said when asked for his reaction to the industry group's plan. "It's too bad because I think they could have contributed

(Continued on Page 36)

New Maybelline line targets blacks

By Pat Sloan

Maybelline Co. will put new color into the cosmetics business when it introduces Shades of You, a makeup line targeted at black consumers.

The collection of face and lip makeup marks the first time a major cosmetics company has addressed black women with a separate line in the mass market.

Shades of You bows in February, with print ads and radio commercials breaking in the spring, a company spokeswoman said. Sources close to the company said TV, outdoor and other media are being considered.

Maybelline President Bob Hiatt said DDB Needham Worldwide, Chicago, the agency that lost Maybelline's $35 million account earlier this fall to Lintas:New York, is handling the effort.

Executives at Maybelline wouldn't disclose the ad and promotion budget, and it wasn't clear whether DDB Needham would continue to work on the brand after its launch.

The agency, which is producing and completing work approved before the account switch, has been involved with the development of Shades of You dating back at least two years to the early planning stages, sources said.

"It's a smart move. . . . Instead of going eyeball to eyeball with Cover Girl, [Maybelline] can go for a specific segment. . . . That's shrewd."

Black women account for at least 15% of

(Continued on Page 36)

LAST MINUTE NEWS

France OKs ad bans

PARIS—France's Parliament passed a law last week that bans virtually all alcohol and tobacco ads, starting in 1993, giving the country the strictest rules on the promotion of these substances in Europe. The law bans all direct and indirect advertising of tobacco and strictly limits alcohol advertising to late-night radio. Alcohol and tobacco made up 3% to 4% of the French ad market.

Volvo summons 9 shops

ROCKLEIGH, N.J.—Volvo Cars of North America has set meetings with nine agencies this week in its $40 million review. Contenders include New York shops AC&R; Bloom Agency; Kirshenbaum & Bond; Lord Einstein O'Neill & Partners; Messner Vetere Berger Carey Schmetterer; and Rosenfeld, Sirowitz, Humphrey & Strauss, plus Miami agency Beber, Silverstein, McCabe & Partners. Scali, McCabe, Sloves, New York, resigned the account.

Nets see changes in rules

WASHINGTON—The Big 3 TV networks expect the Federal Communications Commission to relax the financial

(Continued on Page 8)

INSIDE

Ad Hall of Fame selects three new inductees.

See Page 4

McDonald's tests McSubs Page 3 • **Tobacco group curbs movie placements, sampling** Page 31

NEWS SUMMARY

■ **Environmental marketing guidelines** will be proposed to the Federal Trade Commission next month by a new broad-based industry group. 1

■ **Maybelline** will introduce Shades of You, a makeup line targeted at black consumers, in February. 1

■ **U.S. ad spending growth** in 1991 will be only 4.6%, hitting $136 billion, says forecaster Robert Coen of McCann-Erickson—less than the anticipated 5% inflation rate. 3

■ **McDonald's** is testing submarine sandwiches in one market and small pizzas in two others. The Pizza Hut chain, meanwhile, is testing the use of in-store videos. 3

■ **Ford Motor Co.** dropped most consumer rebates and will focus ads on product virtues and image enhancement. 3

■ **Miller Brewing Co.** asked another of its agencies to produce some commercials for Miller Lite, an 11-year account at Backer Spielvogel Bates. 3

■ **The Advertising Hall of Fame** will induct agency executives Carl Ally and the late Sam Bloom, and Phil Dougherty, *New York Times* ad columnist who died in 1988. 4

■ **Department stores** will be weakened by the price cutting forced on them by mass merchandisers, analysts said. 4

■ **Dentsu and Young & Rubicam,** following the sale of HDM Europe, plan to buy shares of U.S. and European agencies. 4

■ **Some monthly magazines** say early 1991 ad pages are higher than expected, but they're not optimistic about the yearlong outlook. 4

■ **Personal computer marketers** are using sampling. Two recent examples: Lotus is tying in with Computerland of Canada, and Prodigy Service Corp. has teamed with IBM Corp. and other computer marketers. 12

■ **PepsiCo** is stepping up its marketing activity in France to compete with Coca-Cola Co. but says its advertising will be less "American" than Coca-Cola's. 22

■ **Telemontecarlo,** Italy's third TV network, is being relaunched after getting a new infusion of cash. 22

■ **Recycled plastic bottles** will be used by Coca-Cola and Pepsi-Cola soon, both companies announced, evidence that environmentally friendly packaging is becoming a major factor in green marketing. 30

■ **Nestle** is taking the lead among food companies in developing international partnerships to market new products. 31

■ **The Tobacco Institute** said new voluntary industry actions to dissuade youths from smoking will include advertising aimed at parents and restrictions on product sampling. 31

■ **AT&T and MCI** reached an out-of-court settlement of two deceptive-advertising suits and will propose new safeguards against unauthorized switching of consumers. 33

■ **Coors Brewing Co.'s** new ad campaign says 58% of beer drinkers preferred Coors Extra Gold to Budweiser in a taste test. 35

DEPARTMENTS

Ad Review	38	For the Record	33
James Brady	19	Forum	18
Brady's Bunch	24	International News	22
Classifieds	28	Letters	18
Con-Sid-erations	14	MediaWorks	23
Corrections & Clarifications	18	People Moving	24
Rance Crain	19	Photo Review	25
DataWatch	38	The Next Trend	19
Editorials	14		

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Avrett's cut-rate fee for TWA incurs ire

By Jon Lafayette

NEW YORK—Avrett, Free & Ginsberg has started a new compensation controversy by agreeing to accept a fee that amounts to a commission rate of just less than 5% from Trans World Airlines.

Avrett won the $48 million account last week after proposing an annual fee of slightly more than $2.2 million, said Shelly Kravitz, TWA's VP-advertising and leisure marketing. The other finalist, Biederman, Kelly & Shaffer, was unwilling to go that low, he said.

"If one [agency] was head and shoulders above the rest, that would be it and forget any differential in fee," Mr. Kravitz said. "But when they're both equal and when there's a divided opinion among eight people, then the fee becomes a consideration."

TWA was shopping for a new agency because its former shop, Young & Rubicam, refused to cut the fee it had been charging and resigned the account in October after four years of handling it.

Agency executives are skeptical that Avrett can earn a profit on the financially shaky airline's account, and some speculate the discount deal will incite first Avrett's, then other agencies', clients.

"What grieves me is seeing an attitude on the part of a major advertiser that apparently is 'I will tell [my agency] how little I will pay them, and if they don't like it there's always another agency that will take it,' " said John O'Toole, president of the American Association of Advertising Agencies. "I think this is highly destructive."

"I think it's an appalling state of affairs," said Lee Anne Morgan, principal in Morgan, Anderson & Co., a consultancy that handles agency compensation matters. "I think it's a very negative way to do business with a reputable agency. I am sorry to see that any agency has agreed to those terms. . . ."

Avrett Chairman Jack Avrett was dismayed that his well-regarded agency, with billings of about $200 million, was being cast as the industry's price cutter and insisted the deal made economic sense for his shop.

"We've agreed on what is to be done, and they're paying us to perform those jobs," he said. "So it's not very complicated at all. It doesn't happen to be related much to the amount of billing that's involved, but we're going to make a fine profit on it."

Mr. Avrett said his other clients have been supportive.

"There's absolutely no sinister feeling on the part of my clients that we're getting screwed or they're getting screwed or that we're not treating everybody properly," he said.

Mr. Avrett said the agency will handle media planning but will pay Mort Keshin & Co., Roslyn, N.Y., to handle buying.

Mr. Kravitz said TWA felt justified in asking for a smaller fee despite the size of its account.

"Why . . . should the agency representing the airline billing $50 million make more than twice as much as the agency representing the airline billing $20 million when the exact same work, almost to an hour, is required?" Mr. Kravitz asked.

Biederman President John Kelly said he'd be willing to take the account if it becomes available again.

"It's an opportunity to get into the big leagues," he said. "If you're an Avrett or ourselves, it puts you on a different playing field." □

Frito, Enrico team up

By Jennifer Lawrence and Patricia Winters

The cola wars' legendary Roger A. Enrico is bringing his Pepsi-Cola marketing savvy to Frito-Lay next year, and for the snack food giant his arrival may be coming not a moment too soon.

PepsiCo last week said Mr. Enrico, 46, will become chairman of the snack foods division in early 1991. President-ceo of PepsiCo Worldwide Beverages since 1987, he assumes the newly created post as Frito-Lay starts its most competitive era ever.

In particular, pricing pressure is rampant in the potato chip segment, causing Frito-Lay to suffer minor dollar-share losses in 1989 in the overall $8 billion salty snack category and the potato chip sector, according to an industry study by John C. Maxwell Jr., analyst with Wheat, First Securities.

Frito-Lay's strategy for 1991 doesn't call for price wars. Instead, the company might rely more on promotions like a buy-one-get-one-free program to fight price cuts from competitors, said Stacy Wehr, manager of public relations.

Among Frito-Lay's national rivals are Anheuser-Busch Cos.' Eagle Snacks, United Biscuits' Keebler Co., Borden's snack unit and Procter & Gamble Co.

R. Enrico

"Roger is a great marketer and a great manager, and I think he'll bring that soft-drink experience to Frito," Mr. Maxwell said. "There's nothing more competitive than the soft-drink industry; he knows how to market and gain share."

"Roger Enrico is an expert in operating in mature, highly competitive environments. . . . He's not afraid to use pricing," said Roy Burry, analyst at Kidder, Peabody & Co.

Mr. Burry believes Frito-Lay hasn't had to go "toe to toe" with competitors yet. Frito holds nearly 50% of the salty snack category.

Frito-Lay's $60 million ad budget is split among three main agencies: DDB Needham Worldwide, Chicago; Tracy-Locke, Dallas; and Levine, Huntley, Schmidt & Beaver, New York.

Mr. Enrico, who began his PepsiCo career at Frito-Lay in 1971, is perhaps best known for taking advantage of Coca-Cola Co.'s fiasco with new Coke, documented in his book, "The Other Guy Blinked: How Pepsi Won the Cola Wars." He was also behind the $10 million deal to sign entertainer Michael Jackson.

Mr. Enrico's move is part of several top PepsiCo management shifts.

Michael Jordan, 54, becomes chairman of newly created PepsiCo International, which combines the overseas soft-drink and foods divisions. Mr. Jordan had been chairman of Frito-Lay and president-ceo of PepsiCo Worldwide Foods.

His title at Worldwide Foods is being eliminated; Mr. Enrico's former position won't be filled.

Frito-Lay President Robert Beeby will report to Mr. Enrico. Mr. Beeby earlier had said he planned to retire at the end of 1991. □

Investor interest in WPP

By Gary Levin and Laurel Wentz

With WPP Group's stock at bargain-basement prices, analysts and current and former WPP executives are saying potential investors are circling the world's biggest agency holding company.

WPP's market value dropped 75% in the past month; on Friday, the stock closed in New York at 3⅜.

WPP Group Chief Executive Martin Sorrell said Friday "a large number of people have expressed interest" in taking an equity stake since the stock plunge began. But he maintained the company could handle its financial problems on its own.

"We have control over our own destiny," Mr. Sorrell said at the PaineWebber Conference on the Outlook for Media. "We can take care of our cash needs."

Several sources are saying investment bankers have begun exploring the possibility of brokering the sale of WPP's assets or a minority investment in the company.

Sources close to Dentsu, Japan's largest agency, say it had been approached by an undisclosed investment banker seeking to determine its interest. Dentsu's response couldn't be learned, but a source said the agency wouldn't act without consulting with

(Continued on Page 36)

McD's latest: Cold McSubs

Menu battle gets hotter; new battles with Pizza Hut

By Scott Hume

McDonald's Corp. is taking on the fast-growing submarine sandwich chains in one market while increasing its challenge to Pizza Hut in two others.

Not standing still, Pizza Hut is embarking on a new marketing strategy using in-store videos as the fast-food war between the two leaders continues to rage.

McDonald's, working to revamp its menu and lower prices to boost domestic sales, has started testing a line of cold sandwiches under the McSubs name in a dozen stores in Madison, Wis.

The test also gives McDonald's a chance to see whether it can take sales from the burgeoning submarine sandwich category, especially Subway.

The 19th-largest restaurant chain, Subway was the industry's fastest grower last year and is likely to keep the title for 1990 in a market estimated at $150 billion. Subway's sales jumped 58% to $782 million in 1989, according to *Nation's Restaurant News*, which projects a 40.1% increase to $1.1 billion for 1990.

The McSubs line is available at lunchtime and dinner. So, too, are the new 6-inch "personal" pizzas.

Subway is expected to top 5,000 stores by the end of this year, ranking fifth in number of stores.

The McDonald's McSubs line includes a Veggie sandwich for $1.99; Turkey, Deluxe and Ham & Cheese subs for $2.39; and

(Continued on Page 38)

Ad spending hikes may lag inflation

By Gary Levin and Jon Lafayette

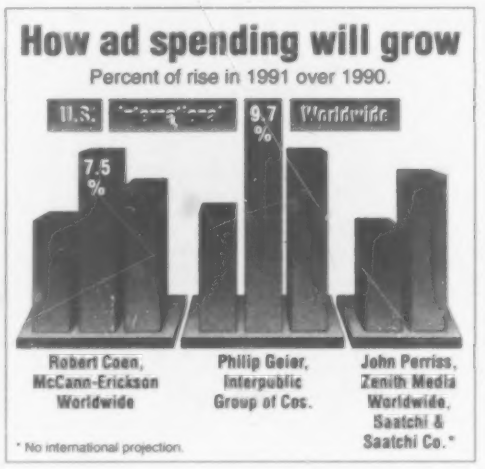
NEW YORK—Ad spending growth in 1991 may not outpace inflation, say the industry's leading prognosticators.

At last week's 18th annual PaineWebber "Outlook for the Media" conference, Robert Coen, senior VP-director of forecasting at McCann-Erickson Worldwide, said U.S. ad spending will climb only 4.6% to an estimated $136 billion, and overseas growth will slow to 7.5%, for a worldwide gain of 6.1% to $292.4 billion.

But real U.S. growth, with 5% inflation factored in, puts ad growth at –0.4%.

Mr. Coen said the major problem area in this country is local advertising, particularly newspapers, where this year ad spending rose a paltry 1% over 1989 and classified advertising declined for the first time since 1980.

Spending on national broadcast media will be up 6.1% in 1991, Mr. Coen said, and he cited as one encouraging sign his estimate that Procter & Gamble Co. will have boosted ad spending this year by 24.5%, to $1.1 billion, excluding recent acquisitions.



JOHN HALL/HOLLY SEGUINE

Total 1990 U.S. ad spending will be up 4.9%, without accounting for inflation, to $130 billion, Mr. Coen said, far less than the 6.2% growth rate for 1990 he predicted a year ago.

Overseas ad spending will rise 12.6% in 1990, a healthy gain, and ad spending growth worldwide will reach 8.9% this year to an estimated $275.6 billion, he said.

France, Japan and Spain are among the fastest-growing major overseas ad markets, he said.

On the more pessimistic side, PaineWebber analyst Alan Gottesman predicted U.S. ad spending will be flat in the first half of 1991 and up 4% or 5% in the second half, for a total average gain of just 2%.

Another forecaster, Zenith Media Worldwide, a London-based unit of Saatchi & Saatchi Co., sees U.S. spending up only 3.1% this year and 4% in 1991, but the real

(Continued on Page 34)

HOT STUFF!

The Advertising Council last week unveiled its latest holiday season flight of anti-drunken-driving commercials in White House ceremonies with President Bush looking on. This year, the spots feature a new tagline: "Take the keys, call a cab, take a stand." Wells, Rich, Greene, New York, handles.

The Beef Industry Council takes its "Real food for real people" TV campaign to the Little Italy neighborhood of New York in a spot breaking Dec. 26. The commercial continues the council's campaign focusing on towns with unusual names. Ketchum Advertising, San Francisco, handles.

Ford spotlighting brands, not rebates

By Raymond Serafin

Brand building gets a new emphasis at Ford Motor Co. with the No. 2 automaker's decision last week to drop most of its consumer rebate and incentive programs.

"We want to get away from distress merchandising," said Robert Rewey, VP-sales operations for Ford's North American Automotive Operations.

The Ford executive said the time is right for a new marketing tack because "we have a very extensive amount of new product in 1991 and continuing into 1992."

"We've been guilty of trying to move the sales needle daily, instead of investing in improving the image of our brands."

By providing promotional money to dealers instead of customers, the Ford and Lincoln-Mercury divisions plan to focus national ad efforts on product virtues and image enhancement instead of on advertising the latest in a series of deals that have been ongoing almost without interruption for more than four years.

J. Walter Thompson USA, Detroit, handles Ford Division and Young & Rubicam handles Lincoln-Mercury. Last year, Ford spent $400 million in measured media for Ford and Lincoln-Mercury auto ads.

Ford's domestic rivals, General Motors Corp. and Chrysler Corp., are closely watching the move and will almost certainly follow suit if Ford can sustain its share of market.

"I'd like nothing better than to get out from underneath those [consumer] incentives," said GM Chairman Robert Stempel. "They've sort of played out, and right now with consumer confidence where it is,

(Continued on Page 33)

Lite looks elsewhere

Miller tests non-Backer ads on product quality

By Ira Teinowitz

A possible crack has opened in the 11-year relationship between Miller Brewing Co. and Backer Spielvogel Bates, New York, with the brewer asking another agency to produce Miller Lite commercials.

Two product-quality TV spots shown last week to Miller distributors during the brewer's biennial conference in San Francisco are believed to have been created by either Leo Burnett USA, Chicago, which handles Miller High Life, or Frankenberry, Laughlin & Constable, Milwaukee, agency for Leinenkugel's beer and no-alcohol Sharp's.

Miller officials confirmed the commercials weren't done by Backer but declined to reveal which agency produced the spots because no decision has been made about whether they will air.

Miller's agency roster also includes J. Walter Thompson USA, Chicago, on Lowenbrau, and Wieden & Kennedy, Portland, Ore., believed to be doing project work on dry beers.

Backer has done all advertising for Miller Lite since shortly after William Backer and Carl Spielvogel left McCann-Erickson in 1979 to form their own agency. The agency's executives created the "Less filling, tastes great" campaign in 1977, while at McCann; the theme is still carried in most Lite advertising.

Miller spent $64 million on Lite advertising last year, a figure it's expected to slightly exceed for 1990. Backer also handles Miller Genuine Draft, now Miller's fastest-growing beer (and a $54 million account), and Genuine Draft Lite, now testing in 11 states.

Miller Senior VP-Marketing Charles Schmid said last week Genuine Draft growth this year will surpass last year's

(Continued on Page 35)

Tepid ad spending

(Continued from Page 3)

ad spending rate, with its own inflation rate factored out, is –0.2% in the U.S. and –0.67% in the U.K., said John Perriss, chairman-ceo.

In a separate presentation to analysts, Omnicom Group Chairman-CEO Bruce Crawford predicted "flattened" earnings for the next two or three quarters due to slowed revenue growth in the U.S. and continuing problems in the U.K., where general advertising revenues are down 20%.

He said client spending at Bernard Hodes Advertising, a large recruitment agency, and Doremus & Co., a financial services agency, has "collapsed in recent weeks."

Mr. Crawford said 1990 earnings should meet analysts' projections. He added that despite stricter guidelines on capital spending, Omnicom won't resort to layoffs or elimination of bonuses unless "the performance of our major companies worsens dramatically," in which case there's ample room to trim those expenses.

"We're not seeing disaster facing us in terms of our major agencies," he said. "At this stage, we don't see anything getting much worse."

Fred Meyer, Omnicom's chief financial officer, projected U.S. ad revenues will climb 4% to 5% next year, while overseas revenues will grow 8% to 9%, without inflation factored in.

"Based on our track record, we believe we can do at least as well as the industry," Mr. Meyer said.

Interpublic Group of Cos. Chairman-CEO Philip H. Geier Jr. had a more upbeat forecast for the industry.

Mr. Geier predicted U.S. ad spending will climb 5% in 1991 and international spending will be up 9.7%, for a total worldwide increase of 7.5%. None of his figures accounted for inflation.

He said his estimates were slightly more optimistic than those of Mr. Coen, who works for one of Mr. Geier's agencies, because he believes marketers will move to "protect their market share by spending through" the recession.

He added that marketers are also setting more realistic marketing plans for 1991, which should lessen the need to make budget cuts to bolster profits.

To assure Interpublic's financial position, Mr. Geier said the company is building a 3% reserve into its agencies' 1991 budgets that can't be spent until the second half of the year.

He added that given the financial weakness of British-owned Saatchi & Saatchi and WPP Group, Interpublic should have an advantage.

"Lean and mean agencies with money to invest will succeed," he said.

"1991 will be very difficult" for Saatchi, said Simon Mellor, director of corporate communications. While the agency has been successful in retaining clients, he said, those clients have shown little inclination to raise budgets from 1990 levels.

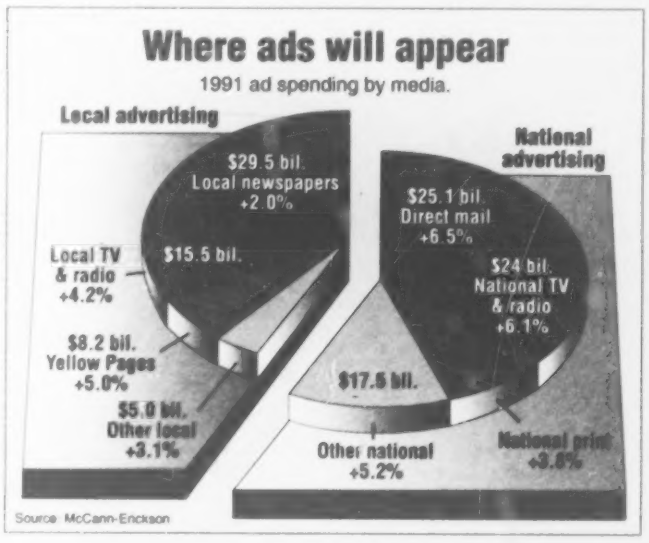
Mr. Mellor added that if revenues don't grow, head count would be further reduced from its current level of about 1,300. Saatchi CEO Robert Louis-Dreyfus has told analysts the company eliminated about 700 jobs in 1990.

Also, Mr. Mellor said the company had retained two investment bankers to get as many ideas as possible to, at some time next year, restructure its $324 million debt from a Euroconvertible share issue that comes due in 1993.

He said that, in hindsight, Saatchi was pleased with the sales of its consulting divisions. Although the company lost money on the sales, the price wouldn't have improved by waiting, Mr. Mellor said. He added that Saatchi has no timetable for selling its two remaining consulting companies and will wait until economic conditions improve.

Saatchi last week announced the sale of McCaffrey & McCall to its managers, who paid $2 million in cash and borrowed $15 million from Saatchi at 9% interest. Mr. Mellor said there are no plans to sell any of Saatchi's other agencies. [ ]

Elena Bowes in London contributed to this story.



John Hall

Super Bowl redux: Coke vs. Pepsi

By Patricia Winters and Wayne Walley

Coca-Cola Co. and Pepsi-Cola Co. will once again use halftime during the Super Bowl as a playing ground for the cola wars.

This week, Coca-Cola is expected to announce that it will rely on a high-tech promotion like its 3-D commercial during 1989's Super Bowl and its "3-D sound" spot during the 1990 Super Bowl.

The promotion for Super Bowl XXV reportedly involves distributing with Diet Coke packaging encoded game pieces revealing prizes ranging from Diet Coke coupons to $1 million. Every game piece wins a prize.

When held up to the TV screen during the Diet Coke commercial, a special signal decodes a patch on the card to reveal the prize. The technology has been used before in print but is believed to be a first for network TV.

Coca-Cola is sponsoring the Super Bowl halftime show. The company declined to comment on its plans. Lintas:New York handles Diet Coke.

Pepsi-Cola also won't comment except to say its Super Bowl program will "be big and great," said Gary Gerdemann, manager of public relations.

Pepsi reportedly was looking to draw people away from the Diet Coke promotion with its own halftime extravaganza on another network or cable. But those plans have been dropped, sources say.

Apparently there was internal disagreement at Pepsi about what to do for the Super Bowl, one source said.

Pepsi considered a show opposite the Super Bowl halftime. But, the source said, "This would be an escalation of guerrilla marketing and rather than promoting the Super Bowl—which Pepsi has spent a large sum to sponsor—they would have been promoting tune-out."

Another problem would have been coordinating the airtime for the show, since the length of the first half of a football game can be unpredictable. The source said Pepsi also bought time during the third quarter of the game, creating a huge risk for a competing halftime show.

"If you've already spent $800,000 for each 30-second spot in the third quarter—let's say the game is a blowout and you've encouraged people to tune out during the half—you really run a risk of screwing up your investment," the source said. "If Pepsi had done it, it would have had only more public relations value than anything."

Pepsi's agency is BBDO Worldwide. [ ]

Jon Lafayette contributed to this story.

HDM

(Continued from Page 4)

is the world's sixth-largest advertising group.

Mr. de Pouzilhac said Eurocom wants to increase the number of international clients using the network in the U.S. and Europe. Currently 55% of Eurocom's billings come from France.

Eurocom will also be looking to acquire a New York agency, which could put it in direct competition with its former partners at HDM.

Agencies that Eurocom and the Dentsu-Y&R joint venture are likely to approach include Ally & Gargano; Rosenfeld, Sirowitz Humphrey & Strauss; and Warwick Baker & Fiore, sources say.

Eurocom has no plans to enter Japan, where the French group is unlikely to be welcomed after offending Dentsu.

Mr. de Pouzilhac said the breakup with Y&R and Dentsu, engineered by Eurocom on the grounds that U.S. partner Y&R failed to provide clients for the network, won't cost him much business.

"In five years, not one single American budget came from the U.S.," he said.

To avoid client conflict, Eurocom will continue to operate HDM and EWDB offices separately in countries such as the U.K., Spain and Italy where the international Peugeot car account conflicts with local EWDB business from Fiat and BMW. Offices in markets with more compatible client lists will merge.

"We have a few conflicts between international and local budgets," Mr. de Pouzilhac said. "In certain countries we now have a second agency, and because this is a local conflict we will separate the accounts between two different agencies. When we do not have two agencies, the priority will be with the international client ... meaning, clearly, that Eurocom Advertising will be working with Peugeot, with BSN, with L'Oreal in all the countries of the world."

Jacques Puzenap, Peugeot's international marketing director, said, "We are aware that our competitors use EWDB agencies elsewhere in Europe for local campaigns. But unless they decide to merge these in with HDM, or develop an international campaign, I don't see any problem. Should this arise, of course, Eurocom would have a choice to make."

A source close to Fiat agreed separate Eurocom agencies don't pose a conflict problem.

However, Mr. de Pouzilhac said one of his priorities is to tone down Eurocom's French aspect.

Jean de Yturbe, who ran HDM for three years and is now ceo of EWDB, will be appointed ceo of Eurocom Advertising. Jerry Della Femina, chairman-ceo of Della Femina McNamee, New York, and Robin Wight, chairman of WCRS in London, will add the titles of vice chairmen of the new network. A number of VP positions will also be created and filled by the heads of some of the main Eurocom agencies to further diversify Eurocom's management.

Four of Eurocom's five largest clients—Peugeot, L'Oreal, Group BSN and Chanel—are French. The fifth, Henkel, is German. [ ]

Contributing to this story: Jon Lafayette, Michelle McCarter and Laurel Wentz.

Retail

(Continued from Page 4)

too many things at once to its consumers, and it's confusing them," said Rick Nelson, a retail analyst with Duff & Phelps. "Penney's is also trying to alter its image with consumers and the timing isn't right."

Penney's overall earnings are expected to decline by about 20% for the year due to continued weakness in same-store sales and greater-than-expected promotions.

"It's not possible to speculate at this point what percentage gains or specific market share losses we'll see this season," Mr. Nelson said.

Conventional upper-middle-market department stores including Bloomingdale's, R.H. Macy & Co., Lord & Taylor, Neiman Marcus Co. and Saks Fifth Avenue are expected to lose some share of overall sales dollars due to the aggressive price cutting of competitors, analysts say.

"All of the upscale department stores are struggling this holiday season because they can't afford to cut prices since they operate on higher margins. Bloomingdale's and Macy's are perfect examples, especially because they rely on full-price purchases during the holiday sales season," Mr. Steidtmann said.

But some observers disagree.

"With all these years of price promoting, one more promotional Christmas isn't going to change much positively or negatively," said Judith Owens, VP-sales promotion/marketing at the National Retail Federation.

"Dayton Hudson Corp., Dillard's and the May Co. won't suffer as much because they target more middle-market audiences and they've got a little more flexibility, but everyone's inventories will be very lean going into 1991," Mr. Steidtmann said.

Dayton Hudson will suffer minimal damage this season "because it's one of the few companies that has both ends of the retail spectrum covered," said Mr. Nelson at Duff & Phelps.

Dayton Hudson's Target "upscale discount" division of 432 stores—which account for half of the company's total revenues—is thriving this season, while it's Mervyn's middle-market apparel division accounts for 30%; its department store division represents only 15% of its total revenues.

"People know where to go to look for values, and Target already has that perception. Across the board, we're emphasizing values and basics in our merchandise," said Ann Barkelew, VP-corporate public relations for Dayton Hudson.

Dillard's Department Stores expects overall sales gains of 20% and same-store sales gains of 10% for the fourth quarter, Mr. Whyte said.

Wal-Mart is expected to report about a 26% increase in overall sales for the fourth quarter ending January. Same-store sales are expected to increase about 7%. [ ]

Alison Fahey and Christy Fisher contributed to this story.

ADREVIEW

1990: A year spent reinforcing old ideas

By Bob Garfield

Garfield

Clip and save.

This is the annual ADREVIEW Year in Review review, 12 solid months of advertising triumphs and disasters, neatly packaged for you, the reader, so that we, the writer, can skate by with a minimum of actual new material and get in the proper frame of mind for the Blockbuster Bowl.

The tendency would be to call 1990 the Year of Super Reinforcement. In the whimsy 'n' death category we had Reebok's Bungee Jumpers: two daredevils plunging from a bridge, attached at the feet to outsize rubber bands. One of them, not shod in Reebok's Pump shoes to super reinforce his ankles, plummets (What a great gag!) to the rocks below.

Then, of course, super reinforced Huggies pushed out the envelope of product description for those diaper consumers incapable of putting No. 2 and No. 2 together. For a while, at least, the ads discussed not "messy leaks," which we guess was too imprecise, but "messy BM leaks," which certainly solved the puzzle for us.

Finally, there was the super reinforcement to end all super reinforcements: Volvo's "monster truck" spot. We were so busy marveling at Volvo's new Industrial I-Beams Surreptitiously Welded Into the Passenger Compartment option, we nearly failed to notice the commercial's elitist slur against the working class: "Apparently not everyone appreciates the strength of a Volvo."

So, yes, 1990 would seem to be TV advertisers' Super Reinforcing Year. But it wasn't. As far as ADREVIEW is concerned, it was a Super Disappointing Year—beginning, naturally, with the Super Bowl.

Hype surrounding the game lately has been matched, if not eclipsed, by the hype surrounding TV spots produced for it. Yet Coca-Cola's big surround-sound blowout—a high-fructose corn syrup version of 1971's "I'd like to buy the world a Coke" mountaintop mawk-a-thon—was the only spot to live up to its billing.

Nike's "Announcers" spot proved that big-name sportscasters, amazingly glib in the heat of play-by-play battle, sound stilted and stiff when reading from a script. Nissan's stunning Turbo Z spot, featuring a space-age high-speed chase, was a reckless celebration of raw power. And even the annual Michael J. Fox spot for Diet Pepsi, this one set in a Wagnerian opera, lacked the comic crispness we've come to expect.

Expectations unfulfilled were to mark the entire year. Oh, the 51 spots that got ratings weren't, cumulatively, any worse than 1989's batch; for what little it's worth, the average rating was 2.62 stars, vs. 2.66 a year ago. But in terms of advertising opportunities exploited to their fullest, this was the year that wasn't.

After a 1989 that gave us both "Bo knows" and the first Energizer bunny, two great chapters in advertising history, 1990 seemed to have endless possibilities. Instead, at times, it seemed like endless drivel: a Barbasol shaving gel spot trading on old unfunny jokes, Snapple Beverages trading on new unfunny jokes, Soviet jeans trading on sickening pseudophilosophy, Calvin Klein jeans trading on sophomoric sexuality and Burger King—in print ads—trading on seamy sanctimony.

Volvo, Chrysler, Ultra Slim-Fast and Saturn Corp. were part of the super year in advertising—super disappointing.

There were bright spots, of course, principally those that were both executionally and strategically inventive: Lee Iacocca's Advantage: Chrysler assault on reverse chauvinism when it comes to American cars; Spike Lee's magnificent visits with idiosyncratic exemplars of Levi's 501 self-expression; SkyTel's vivid, visual metaphors for business warfare; and General Motors' long-awaited mea culpa for the past 20 years of automotive malfeasance.

Ultimately, though, the year was epitomized by two new-product campaigns, both delivering the long-awaited news about potentially revolutionary brands: Simple Pleasures, the fake-fat ice cream, and Saturn, the fake-Japanese car.

These fledgling brands represent the essence of American technological and marketing innovation, sparing no effort to provide what the consumer has said he wants and standing for everything American industry must do to compete in the next century. But the advertising conveys none of that significance, none of that excitement, none of the technological wonder.

The ads were pretty good—say, 2.62 stars apiece—but not good enough. Let's hope that the 1991 campaigns will be better, which is to say: different. The last thing we need in the New Year is last year's lackluster ideas reheated and, like Cristina Ferrare's civil-engineered "slenderizing" get-up in her Ultra Slim-Fast commercial, super reinforced. □

McSubs, pizza

(Continued from Page 3)

Italian sub for $2.59. In-store materials support the test; Laurence, Charles, Free & Lawson, Milwaukee, handles the Madison operators' co-op.

Although several of McDonald's menu tests—such as pizza, fried chicken and pasta—have been aimed at boosting after-4 p.m. business, the McSubs line is available at lunchtime and dinner.

So, too, are new 6-inch "personal" pizzas for lunch being tried in Evansville, Ind., and selected stores in Chicago—a direct swipe at Pizza Hut. Before this test, McDonald's had been selling full-size pizzas in a half-dozen markets, including Evansville and Chicago.

McDonald's says it intends to add lower-price menu items without having to hurt profits through discounting, and individual pizzas help. In Evansville, the mini-pizzas sell for $1.89 to $2.19, compared with $6.25 to $9.99 for full-size pizza; in Chicago, they range from $2.25 to $2.65, compared with $8.49 and up for 12-inch pizzas.

McDonald's individual pizzas are targeted to the Personal Pan Pizzas that are the backbone of Pizza Hut's lunch business. But restaurant industry sources say the PepsiCo chain is preparing a surprise for McDonald's in its own back yard.

Next month, Pizza Hut stores in four Chicago suburbs will be fitted with "video juke boxes" that can entertain customers while they wait for their pizzas.

Depositing a quarter in one of the juke boxes with 6-inch screens—20 of which will be installed in each test store—gives the viewer 5 minutes of viewing on one of five channels.

Program content on the five channels will be cartoons, rock videos, highlights of old TV programs such as "Candid Camera" and "I Love Lucy"; vintage newsreels; and, later, a channel offering commercials.

Sources say the commercial channel, if added later as planned, would feature PepsiCo products such as snacks from Frito-Lay and Pepsi-Cola soft drinks, and, possibly, non-competing products from other companies.

Pizza Hut couldn't be reached for comment on the test.

McDonald's, the largest single restaurant chain, has been battling hard against PepsiCo, the largest restaurant operator, for several years now. McDonald's has looked at Mexican foods, such as the current Breakfast Burrito test, to undercut PepsiCo's Taco Bell; fried chicken to undermine Kentucky Fried Chicken Corp.; and pizza and pasta to combat Pizza Hut.

Pizza Hut has run TV spots gently poking fun at the deficiencies of the initial McDonald's pizza, and KFC earlier this year took a shot at McDonald's with a TV jab at Ronald McDonald and the burger chain's string of in-store promotions and games. □

Hall

(Continued from Page 4)

could produce advertising he liked.

Mr. Bloom, who died in 1983, is considered a pioneer in the use of TV for local retail, an idea once unthinkable for a medium considered the sole domain of national advertisers.

Mr. Bloom's son, Bob, is chairman-ceo of the agency. He called the Hall of Fame honor "a particularly fitting recognition because he had two careers—one long and successful one in the newspaper business, then in something he knew nothing of.

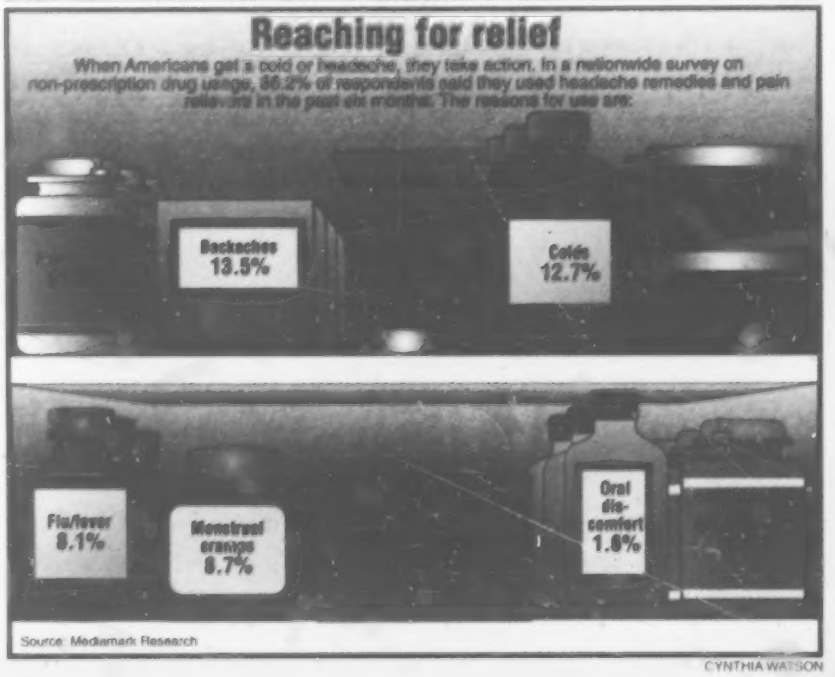
"To reward someone for their entrepreneurial spirit is a very good thing," Mr. Bloom said. "He built his business from what was then the unlikely place of Dallas. I learned two important things from him: that ethics starts at the top, and [to] be very aggressive and deliberate about what you're doing."

Phil Dougherty was considered a consummate scribe of the ad industry for more than two decades, both praising and criticizing the industry he wrote about. A native of the Bronx, Mr. Dougherty joined the *Times* in 1942, working as a copy boy, clerk, and society and metro reporter before penning his first ad column on Oct. 3, 1966.

During the 22 years he wrote the daily advertising news column, Mr. Dougherty became one of the industry's most well-known figures and, by dint of his personality, an all-time favorite. He was known for his sparkling, quick wit; his stylish, clear writing; his doggedness in pursuing news stories; and his outbursts of impatience—or irascibility (often premeditated), usually directed at overbearing executives or public relations people who he felt had fallen short of his high journalistic standards.

At industry conventions and meetings, Mr. Dougherty would be very much in evidence (usually in a green jacket and wild, multicolored slacks), chatting, jotting notes, moving from one cluster of executives to another as he gathered material for his column and his morning radio show on WQXR. He died in 1988. □

DATAWATCH


Reaching for relief
When Americans get a cold or headache, they take action. In a nationwide survey on non-prescription drug usage, 86.2% of respondents said they used headache remedies and pain relievers in the past six months. The reasons for use are:
Backaches 13.5%
Colds 12.7%
Flu/fever 8.1%
Menstrual cramps 8.7%
Oral discomfort 1.6%
Source: Mediamark Research

CYNTHIA WATSON

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cov. 1, Pgs: 2, 12, 16, 18,

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